

Paul Clanon  
Director, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Zenaida Tapawan-Conway  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Dear Mr. Clanon and Ms. Tapawan-Conway:

We are very pleased that the South Bay Energy Rewards Program (SBER) scored so highly in the staff's review exceeding minimum criteria set by the commission. We urge your attention to funding the South Bay Energy Rewards as it contributes savings well in accordance with program requirements, builds on a proven successful program, integrates award-winning community education with program benefits, links municipal buildings into a community –based program, and provides a test-bed for innovation with the retailer point of sale incentives. This letter documents the justification for its inclusion in the final portfolio and includes points that address the CPUC adopted criteria.

- 1) The transmittal letter of January 7, 2004, describes the South Bay Energy Rewards Program as “duplicating services or being more comprehensive.” A review of the data does not support this conclusion. The other program, 1158- 04 and 1158-06, services a very small fraction of our communities. No program description supports the contention that the 1158- 04 and 1158-06 program is more comprehensive.
- 2) The first score of 66.5 is well above the range of funding and the combined score of over 122 supports inclusion.
- 3) The 2002/03 SBER Program will provide upon completion a total energy savings for residential customers and multi-family dwellings, as follows:

a) Annual Demand Reductions Net kW	963 kW
b) Annual Energy Savings Net kWh	4,697,174 kWh
c) Annual Energy Savings Net Therms	59,250 therms

If fully funded, the total 2004/05 SBER Program, including the small business and municipal components, is projected to achieve the energy savings listed below:

d) Projected coincident peak kW demand reduction	2.7 MW
e) Projected kWh savings	12,400,000 kWh
f) Projected therm savings	113,000 therms

- 4) The SBER Program secures energy reductions during on peak hours in two ways – by reducing overall usage and by asking South Bay residents and businesses to commit to reducing appliance and energy use during peak hours.

- 5) The SBER Program serves hard-to-reach customers. 38% of residents who took advantage of the Energy Rewards coupons were in hard to reach locations where language and socioeconomic can be a barrier to implementing energy efficiency. The SBER Program was equally effective in persuading residents in hard to reach areas to commit to saving energy at home: Almost 40% of signed commitment cards are from hard-to-reach areas. The MFD component of the program was especially successful in its outreach to hard-to-reach locations: 76% of the committed sites are in hard-to-reach areas. Based on this success, the 2004-2005 SBER Program is well positioned to expand to the hard-to-reach small business sector.
- 6) The SBER Program received strong support, outstanding leadership and endorsement from city staff and elected officials, community based organizations, retailers, corporations and Chambers of Commerce to promote the program and to educate residents about the rewards of saving energy. The program's existing infrastructure, marketing materials, communications channels, media contacts and community contacts could continue to serve residential customers and easily expand to service small businesses and municipal facility managers. There is enthusiasm for the program from the cities and partners presently supporting the program and shutting down operations is considered a step backward given the momentum, development of new supporting alliances and efforts currently underway.
- 7) The potential synergy with the approved CPUC-funded partnership program with the South Bay Energy Efficiency Resource Center strengthens the effectiveness of both programs. The Association of Energy Services Professionals (AESP) recognized SBER's effectiveness in marketing, outreach and education by awarding the program the 2003 Achievement in Innovative Marketing Award. This expertise and experience in marketing and education could be used to mutually promote both programs.
- 8) As referenced above, the proposed program is based on an expansion of the award winning 2002-2003 South Bay Energy Rewards, which won the 2003 Achievement in Innovative Marketing Award from the Association of Energy Services Professionals International (AESP). Brad Kates, an AESP board member, said that the Energy Rewards program distinguished itself from the 30 other nationwide entries in its "ability to successfully integrate education into every aspect of the program."

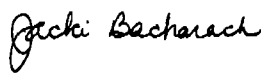
The program was also the first in California to offer instant savings at the cash register for energy-efficient appliances and products at ten South Bay retailers. This aspect of the program makes it simple and rewarding for both the retailers and the consumers to participate. Program evaluations performed by Quantec LLC in September revealed, "The retailers embraced the [point-of-sale savings] program, viewing it as both a valuable service . . . and an effective method of generating sales." Most of the retailers surveyed offered praise for the point-of-sale incentive, noting that it was an effective tool in helping those close sales." The four retailers who could quantify sales results noted a 10% increase in dishwasher sales and 5%-10% increase in sales of clothes washers. Retailers found that the program greatly enhanced their participation in the Energy Star campaign.

We greatly appreciate the withholding of substantial funding to support additions to the CPUC portfolio. Approval of South Bay Energy Rewards would be a very worthy investment of these funds. Please do not hesitate to contact any member of our team for additional information about the program and ways in which it would compliment the portfolio.

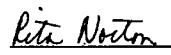
Sincerely,



David Wylie  
ASW Engineering



Jacki Bacharach  
Executive Director, SBCCOG



Rita Norton  
Energy Rewards Director

Cc: CPUC Commissioners Peevey, Kennedy, Lynch, Brown, Wood

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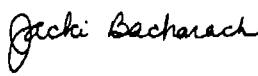
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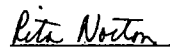
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